



NORTH CAROLINA

Department of Transportation



Future Economic Benefits to North Carolina from Session Law 2017-57 (34.19a-34.19c) Investments

Bobby Walston, Director of Aviation
April 2, 2018

2016 Study Results (Summary)

	Jobs	Economic Contribution per Year	Income Contribution per Year	State and Local Taxes per Year
General Aviation	23,610	\$4.04 Billion	\$0.96 Billion	\$123 Million
Commercial	99,810	\$27.14 Billion	\$3.21 Billion	\$790 Million
TOTAL	123,420	\$31.18 Billion	\$4.17 Billion	\$913 Million

Economic output = 6% of
North Carolina's GDP



Airports' Impact on North Carolina's Economy

North Carolina is served by a robust network of airports.

Airports are a critical part of North Carolina's transportation system, linking our state to the global economy and generating economic activity, commerce, and tourism. Seventy-two publicly owned airports in NC are supported annually with funds from the state for infrastructure and development projects. This report shows how these airports are significant economic engines in our state and contribute:

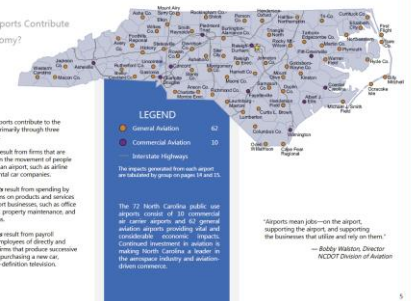
- \$31 billion annual economic impact
- 123,400 airport-related jobs
- \$913 million in direct government revenue
- North Carolina aviation serves awareness in our state. The economic reach of airports extends far beyond pilots and operators by supporting:
 - Tourism, high-value cargo and freight transport
 - People, both for business and pleasure travel
 - Fire fighting and medical emergency
 - Search and rescue
 - Military
 - Agriculture
 - Aerospace industry
 - Tourism



How Do Airports Contribute to the Economy?

North Carolina airports contribute to the state's economy primarily through three impact categories:

- DIRECT** impacts result from spending by airport-related firms on products and services provided by support businesses, such as office supply companies, property maintenance and other organizations.
- INDIRECT** impacts result from indirect expenditures by employees of directly and indirectly related firms that produce subsequent spending, such as purchasing a new car, computer or high definition television.



"Airports mean jobs-on the airport, supporting the airport and supporting the businesses that utilize and rely on them."

—Andy Heston, Director
NCDOT Division of Aviation

\$40 million

Funding for Airport Improvements and Debt Service

Session Law 2017-57 Sections 34.19(a) through 34.19(c)

Airport	2017-18	Type of Project
Albert J. Ellis (Jacksonville)	\$864,708	Hangar Site Development
Asheville	\$2,026,331	Apron Extension, Passenger Terminal Assessment
Charlotte Douglas	-	-
Coastal Carolina (New Bern)	\$653,162	Taxiway & Apron Pavement Rehabilitation
Concord	\$586,901	Strengthen Runway/Taxiway
Fayetteville	\$1,139,670	Expand Passenger Terminal
Piedmont Triad	\$7,123,082	Apron Rehabilitation, Passenger Terminal Improvements, Land
Pitt-Greenville	\$377,070	Corporate Taxiway
Raleigh-Durham	\$21,282,131	Taxiway, Land, Apron, Pavement Rehab
Wilmington	\$5,946,945	Passenger Bridge, Expand Passenger Terminal

\$75 million

Funding for Airport Improvements and Debt Service

Session Law 2017-57 Sections 34.19(a) through 34.19(c)

Airport	2018-19	Type of Project
Albert J. Ellis (Jacksonville)	\$864,708	Hangar Site Development
Asheville	\$2,026,331	Passenger Terminal Improvements
Charlotte Douglas	\$25,000,000	Gateway Development
Coastal Carolina (New Bern)	\$653,162	Taxiway & Apron Pavement Rehabilitation
Concord	\$586,901	Strengthen Taxiway, ATCT Equipment
Fayetteville	\$1,139,670	Expand Passenger Terminal
Piedmont Triad	\$7,123,082	Apron, Terminal, Land
Pitt-Greenville	\$377,070	Runway Rehabilitation
Raleigh-Durham	\$31,282,131 *recurring	Taxiway, Land, Apron, Pavement Rehabilitation
Wilmington	\$5,946,945	Expand Passenger Terminal

Combined Economic Impact of Funding
from FY 2017-18 & FY 2018-19 Investments
(total \$115 million)

Impact Type	Jobs	Payroll Income	Output
Direct	940	\$43,960,000	\$115,000,000
Indirect	190	\$11,320,000	\$37,940,000
Induced	360	\$15,280,000	\$49,820,000
Total	1,490	\$70,560,000	\$202,760,000

Source: NC State University, Institute for Transportation Research and Education, 2018

Another State's Numbers....Florida

WORK PROGRAM RETURN-ON-INVESTMENT		
PROGRAM	FY 2013/14 - FY 2015/16	FY 2016/17 - FY 2020/21
ROADS & HIGHWAYS	0.19	0.19
RAILS	0.02	0.02
PUBLIC TRANSIT	0.04	0.05
AVIATION	1.37	1.72
SEAPORTS	1.76	2.71

Fiscal return on investments at PTI Airport Honda Aircraft Company

- Twenty year time frame (2007-2027)
- Honda employment:
 - 2007: 283 jobs
 - 2012: 702 jobs
 - 2015: 1,600 jobs
- Tax revenues included state-imposed and local property taxes
- Investments included state and local sources
- B/C Ratio (Direct Impacts): 2.3
- B/C Ratio from NCDOT Funds (Direct Impacts): 6.0
- Does not include GE Honda Aero Engines in Burlington



Demonstrated Gains – PTI Greensboro Honda Jet

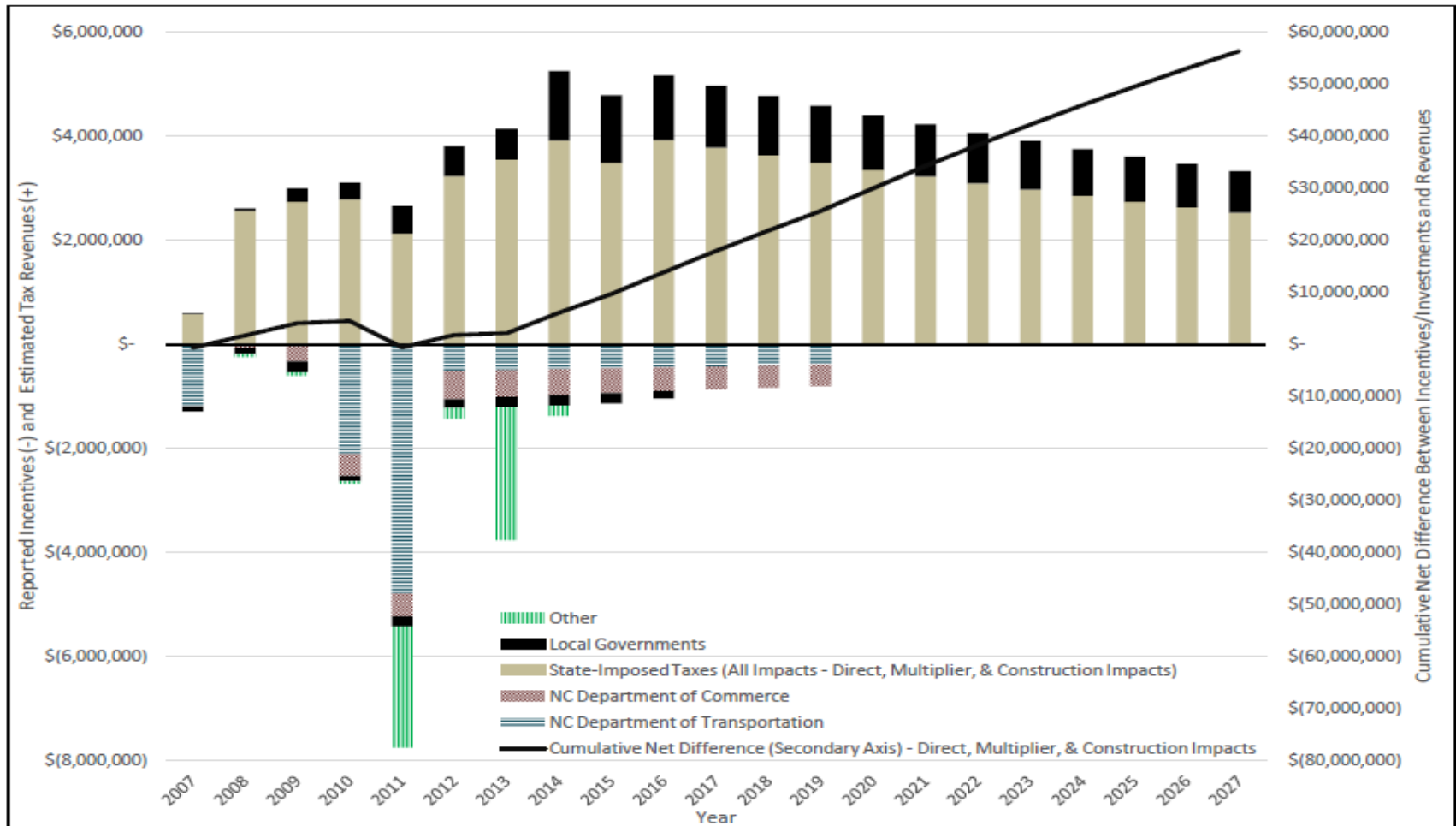


Exhibit 4. Cash Flow of Incentives/Investments and Tax Revenues (Direct, Multiplier, & Construction Impacts)

Potential Gains - Pitt Greenville – Corporate Taxilanes & Runway Pavement Rehabilitation

- Corporate Taxilanes - \$3.5 million
 - State Appropriation \$377,070 toward project
 - Retains 50 aircraft valued at \$35 million
 - Resulting in a new \$25 million jet
 - Investment allows them to secure new commercial tenants
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- Runway Pavement Rehab - \$10 million
 - State Appropriation \$377,070 toward project
 - Primary Runway – 7,175' x 150'
 - Current Pavement Condition Index is 28 to 50

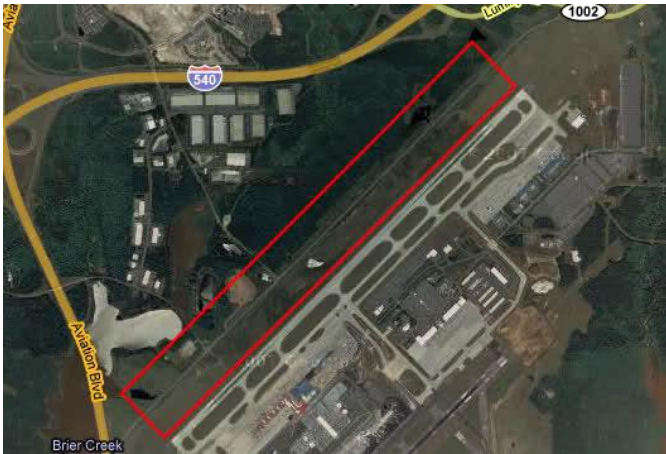


Potential Gains – Coastal Carolina (New Bern) Terminal Upgrades

- \$15 million total project.
- Will expand passenger areas and upgrade amenities and security systems.
- Support a 25% increase in passenger traffic and larger aircraft.
- Will create 146 jobs with a \$3.4 million total payroll.
- The project is projected to generate \$46.5 million in annual economic impact.
- EWN's overall economic impact will increase 26% from the current \$179 million per year.



Potential Gains – RDU New Runway



- \$300 million total project.
- Will expand runway from 10,000 to 11,500 feet, allowing for larger aircraft that can travel greater distances.
- Will allow the airport to recruit and offer nonstop flights to Asia, opening this area to business and tourism.
- Each new, daily non-stop flight to Asia or Europe would bring an economic benefit of \$1.4 billion over 25 years – state funding helps us see those returns sooner.
- More passengers also bring more passenger support services- rental cars, concessions, parking, etc.



Airports and Business Development

“Airports are a vital part of our transportation system and generate economic activity, connecting our state to the global economy and promoting growth.”

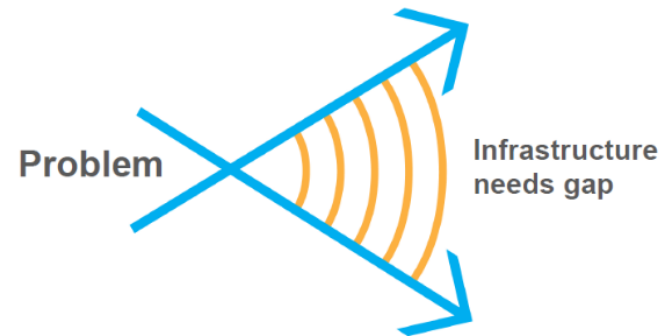
- S. Lewis Ebert, President & CEO of the NC Chamber, in Triangle Business Journal (August 2016)



What Happens if We Fail to Invest in Airport Infrastructure?



HQ must be within 45 minutes of
an International Airport;
many industries and business
have similar requirements



Failing Infrastructure



In summary...impacts of aviation investments are significant

- In the past: Referencing the 2016 Economic Impact of Airports in North Carolina study shows that historic funding for commercial service airports was **\$6.5 million** annually with a return to the state of **\$353 million** in revenue.
- Today: 2017-2019 appropriations have increased funding to **\$115 million**...which will provide more return on investments, and:
 - Accelerate needed projects
 - Keep critical infrastructure in good repair
 - Attract industry and businesses
 - Keep NC competitive with other states

